

CITY OF MILWAUKIE
BUDGET COMMITTEE MEETING
February 9, 2017

Chair Stoll called the meeting to order at 6:00 p.m.

Committee introductions were done.

Members Present: Shane Abma, Milo Denham, Angel Falconer, Mark Gamba, Michael Osborne, Ronn Palmer, Wilda Parks, and Jon Stoll

Excused: Lisa Batey, Jesse Boumann,

Staff Present: Bonnie Dennis, Haley Fish and Ann Ober

Approval of prior meeting minutes

It was moved by Mr. Palmer seconded by Mr. Denham to approve the December 20, 2016 meeting minutes as written. Motion passed unanimously.

Review proposed supplemental budget for biennium 2017-2018

Ms. Fish explained that since the biennial budget was adopted, there have been certain conditions and situations arisen that necessitate changes in financial planning. Each adjustment will be explained, beginning with the public art initiative which will appropriate funds to seed the initiative and leverage external funding opportunities. The next adjustment is for the maintenance required by the Elk Rock Island agreement with Portland. The third adjustment is funding to enhance the quality of City sponsored events.

Ms. Ober explained that this amount is to test out what would be required to enhance the events; with the understanding that it might be revisited during the regular budget process.

Mr. Nieman listed the City events that would be funded through this amount.

Ms. Ober stated in the future this would be a policy discussion with Council.

Ms. Fish continued with the funding for a City-wide citizen's survey.

Ms. Ober stated that the visioning process is showing how the City is changing; allows the City to check in with citizens and give feedback to the Council.

Mayor Gamba stated this type of polling was used for the Library's bond measure; information received from the survey gave direction to the Library on how to proceed.

Ms. Fish continued with the fifth adjustment for website enhancements; this is for additional user needs and to make the website more user friendly.

Mr. Nieman stated that enhancements would also include enhanced photography and analytical trackers.

Ms. Ober clarified the last few items were new for ongoing requests.

Chair Stoll asked if the art should be included in the Library Fund.

Ms. Ober responded it was decided by Council not to fund the art through the bond measure.

Ms. Fish continued with the sixth adjustment of funding to consider consolidation of the City's deferred compensation plans.

Ms. Ober added that it will allow the City to review the City's 457 plans for employees, which there are currently three plans. Consolidating the plans will allow the City to leverage for a better rate of return and lower fees.

Mr. Denham asked if the funds would be for a consultant.

Ms. Ober responded yes.

Mr. Denham asked if staff time would be used.

Ms. Ober clarified there will be staff input since there are union contracts involved.

Mr. Rebello added that this is a good year to devote effort into this research given it is not a budget year. There are several representatives within the City including the union reps.

Ms. Fish continued with the seventh funding item of a transfer of resources from materials and services to personnel services to fund a Facilities Maintenance Tech position.

Ms. Ober added Facilities has a single person doing facilities requests; the FTE count was given from the City Manager's budget to facilities in order to fill this position.

Ms. Fish explained the next item included received receipt of \$33,000 as a settlement for the Pond House damage; this amount will need to be appropriated so the improvements can be done. The next item is partial funding of the Ameresco contract; Ameresco is an energy trust audit firm. The firm came back with a list of improvements, none of which were in the budget except for the improvements to the water tower. All the funding requests are not using fund balance, they are being funded with the overage from last fiscal year due to underspending and additional revenues.

Ms. Parks if the additional revenues were property taxes.

Ms. Fish responded that a majority of the money was underspending. The next item is a one-time transfer of the Kronberg multi-use trail to the SAFE program which is funding the City's match to the Connect Oregon Grant. The next item is also a one-time funding for the Triangle Property purchase; the property closed in October 2016. Next is a one-time recognition of the anticipated receipt of the Enterprising Places, Equitable Housing and Wayfinding grants.

Chair Stoll asked where is the Triangle Property.

Ms. Fish explained it is the property near the transit center.

Ms. Fish continued with the next item is a transfer from program revenues, funding for additional engineering personnel to execute SAFE Program projects.

Ms. Fish continued to the next item of a one-time recognition of a reduction in Trimet officer revenue for the first six months of FY 2017 in which a third officer was not allocated to Trimet as budgeted due to timing of inter-organization coordination. The next item is one-time funding for Police overtime partially due to an error in the timing of recording and additional grants received. The last General Fund request is a one-time funding for Police Department training in preparation of succession planning.

Chief Bartol explained that a high percentage of the police force will be eligible for retirement in the next five years. This request is for funding to send a sergeant to the school for three months. He would like to send one person this year and send another person next year.

Mr. Palmer asked Chief Bartol to explain the importance of replacing the radios used by the officers and public works.

Chief Bartol reminded the Budget Committee of the discussion regarding the upgraded radio system. The bond that passed will cover 50% of the cost of 50 radios. Asset forfeiture funds have been earmarked to help offset the cost.

Ms. Ober added staff will discuss how many and what kind of radios will best suit the City. Some revenue projections have fallen short, so waiting until the end of this fiscal year will give staff a better idea of how to fund the purchase.

Mr. Palmer asked what revenue projections are short.

Ms. Ober responded citation revenue has been lower which in a way is a positive thing that people are being safe.

Ms. Fish stated the management team has prioritized these supplemental budget items.

Ms. Ober assured the Committee the radios will be purchased but does not want to make a rushed decision.

Ms. Fish added that the City would like to have leverage when it is time to purchase.

Chief Bartol added the City has applied for a Homeland Security grant to fund the purchase.

Mr. Osborne asked if other cities have this issue.

Chief Bartol responded yes; the new police cars being purchased include the new radios.

Ms. Fish continued there are two additional items in the General Fund. The first is one-time funding for additional Adams' Street Plaza designs and funding of the North Main Industrial Area Community Planning and Development grant transfer of administration from Clackamas County to the City. The Debt Service fund item is ongoing with a net impact of zero funded by tax revenue approved by voters in May 2016 general election, funding for debt service related to the Series 2016 General Obligation Bond. The Building Fund requested item is ongoing funding for a professional services contract to absorb excess workload.

Chair Stoll will the City continue to look to fill the position.

Ms. Ober responded currently the City is not; staff has adjusted their hours and it seems to be working; it is a national problem due to required certifications.

Ms. Fish continued with the Transportation Fund requests, the first one is one-time funding for higher than expected cost to replace the Kellogg Creek Bridge offset by corresponding FEMA revenue.

Mr. Eaton stated the bridge repair projects have been combined by request of FEMA; their match funds increased while the City's match funds decreased.

Ms. Fish continued with the second request of a one-time increase in intergovernmental revenue and corresponding capital outlay for feasibility of the diverter concept grant from Metro for the Monroe Street Greenway. The next item is one-time funding for McBrod Avenue improvements to correspond with the water line improvement project.

Mr. Palmer asked the location of the Cassinelli property.

Ms. Fish responded that it is located near the Johnson Creek facility; the City is currently leasing the space.

Ms. Fish stated the next item is one-time increase in intergovernmental revenue and capital outlay related to required Main Street improvements. The next item is a one-time funding for the higher than expected cost to purchase the Cassinelli property. The sixth item is to eliminate debt service as management is not pursuing an internal fund loan to finance the Cassinelli property purchase. The final item in the Transportation Fund is ongoing SAFE Program revenue and corresponding program expenditures. Chair Stoll asked where SAFE Program information can be found.

Mr. Eaton responded information can be found on the City website. The CIP will be generated for the SAFE program and correlate those projects with the SSMP Program.

Committee discussed the possibility of issuing bonds for the CIP projects.

Ms. Fish continued with the Water Fund's first item is a one-time funding for the higher than expected cost to purchase the Cassinelli property. The second item is to eliminate debt service as management is not pursuing an internal fund loan to finance the Cassinelli property purchase. The last item is one time funding for capital outlay due to higher than expected construction costs, the department is proposing deferring projects as needed to prioritize the McBrod waterline improvements. In the Wastewater Fund, the first item is one time funding for the higher than expected cost to purchase the Cassinelli property. The second item is to eliminate debt service as management is not pursuing an internal fund loan to finance the Cassinelli property purchase. The final item in the Wastewater Fund is onetime funding for the Manhole Mitigation and beach repair at Riverfront Park due to storm damage. The System Development Fund item is one-time funding for the McBrod Avenue project.

Chair Stoll asked if Committee needs to act on the supplemental.

Ms. Fish responded no official action is needed; the resolution in the packet is what will be brought to City Council.

Committee discussed the SSMP program.

Review of quarterly financial report for the first quarter ended December 31, 2016 and discussion

Ms. Fish began with the executive summary; the "Reserves and Supplemental Budget" section has been added to the report. The Supplemental Budget mainly was funded through the beginning fund balances. She continued noting significant variances on the General Fund's budget-to-actual summary. She continued with the Debt Service, Building Inspection, Library, Transportation, Water, Wastewater and Stormwater Funds variances. The project status report reflects the supplemental budget requests, red colored comments under the status column.

Continue discussion of Milo's proposal presented at the last meeting

Ms. Fish stated that management had time to review the document and Ms. Ober would like to address the Committee.

Ms. Ober stated with staff workload, she would like to keep this Committee's meetings to four a year. Ms. Fish is very responsive to members' emails when there are questions or comments. If citizens would want to meet, she recommends noticing those meetings but does not want to put staff time towards those meetings.

Committee discussed the structure of the Budget Committee meetings are more structured, not a brainstorming session.

Meeting schedule

Ms. Fish proposed preparing a one-year budget for the Milwaukie Redevelopment Commission and then a biennial budget corresponding with the City's budget for 2019-2020. For the third quarter financial report, staff is proposing a meeting the week of May 15th.

Adjourn

It was moved by **Mayor Gamba** and seconded by **Ms. Parks** to adjourn the Budget Committee meeting at 8:24 p.m.

Respectfully submitted,



Judy Serio, Accountant